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April 23, 2003

BY COURIER

Mr. Kevin Brannelly, Director

Rates and Revenue Requirements Division

Department of Telecommunications and Energy

One South Station, 2nd floor

Boston, MA 02110

Re: D.T.E. 99-60 - Fitchburg Gas and Electric Light Company, Default
Service Tariff Filing M.D.T.E. No. 102 for June 2003 – November 2003

Dear Mr. Brannelly:

Today, Fitchburg Gas and Electric Light Company ("FG&E") submitted its Default Service tariff rate filing, M.D.T.E. No. 102, based on its Request for Proposals ("RFP") for Default Service, the results of which are also being filed with the Department today under separate cover. The RFP sought fixed monthly pricing for two groups of customers: residential and small general service customers and regular and large general service and outdoor lighting customers. FG&E also required suppliers to provide Renewable Energy Certificates that comply with the Renewable Energy Portfolio Standards that were effective on January 1, 2003 such that FG&E can demonstrate compliance with 225 CMR 14.00. This tariff is proposed to become effective on June 1, 2003 for service rendered through November 30, 2003.

As discussed in more detail in the RFP filing, FG&E received class differentiated bids in its current RFP, one bid for the residential and small general service, another bid for regular and large general service and outdoor lighting. FG&E has used the same methodology applied to these bids for calculating retail rates as was used in its Default Service rate filing made with the

Department on October 18, 2002 and approved on October 28, 2002. The proposed rates are summarized in Attachment 1, Page 1. As shown, the Variable Monthly Pricing Option charges differ by class and by month (for residential and small general). The Six-Month Fixed Pricing Option charges vary by class. Attachment 1, page 2 demonstrates the calculation of both the variable and fixed charges. The fixed charges are equal to the retail variable charges weighted by monthly kWh sales percentages based on a forecast of monthly kWh sales. Because FG&E has requested that the Department grant protective treatment of the confidential numbers contained on Attachment 1, page 2, it has filed a redacted version with the Secretary. A single confidential version is being provided to you as part of your review.

Attachment 1, page 2 shows the kWh sales forecast at the bottom of the page. The percentages shown on lines 7-10 are the ratios of the monthly amounts to the totals for the period June to November. Consistent with prior filings, FG&E has continued to assume equal monthly usage as representative of expected usage patterns for the large general service class due to limited participation under Default Service in that class. Although participation has grown to 6 customers as of March 2003 (there were 5 customers as of the April 6, 2001 filing), the Company still considers this a limited amount of customers and the addition or subtraction of a single customer could significantly impact the monthly weighting of sales. In addition, each of these customers is currently receiving default service under the Variable Monthly Pricing Option.

These proposed rates represent a bill increase to a 500 kWh typical residential customer on the Fixed Monthly Pricing Option of \$9.78 per month, or a 15.6% increase versus rates currently in effect (see Attachment 2, page 1 of 18). The current rate under the Fixed Monthly Pricing Option is \$0.04912 per kWh for residential customers. The proposed rate, based on the RFP for the period June 2003 through November 2003, is \$0.06867 per kWh. Bills to regular and large general service customers will increase from 7.6% to 23.9% depending on usage and rate class. A complete set of bill impacts is attached as Attachment 2, pages 1 through 18.

The proposed Default Service rate is higher than both FG&E's current and May 1 proposed Standard Offer Service rates (including the Fuel Adjustment). Therefore, low-income customers will be moved from Default Service to Standard Offer Service effective June 1, 2003. Low income customers will then remain on Standard Offer Service until such time as the Default Service rate once again becomes the lowest priced generation service. The current Standard Offer Service rate is \$0.05360 per kWh and the May 1 proposed rate is \$0.05602 per kWh while the proposed fixed Default Service rate for residential customers is \$0.06867 per kWh. A 500 kWh low income bill will increase about \$3.45 or 7.2% on June 1 comparing June 1 proposed SOS rates versus current default service rates (see Attachment 2, page 2 of 18).

Also included herein is a revised tariff sheet, M.D.T.E. No. 102 incorporating the new prices in both redline and final versions and the required filing fee of \$15.

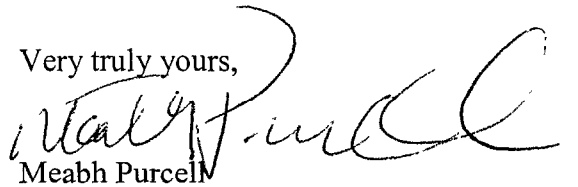
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FG&E will continue to notify customers of the changes in the default service rates in compliance with the Order in DTE 99-60-C using notices developed in conjunction with the default service education working group and the Department's Consumer Division. FG&E will also post its approved rates on its website and make them available via a toll free number at least 30 days in advance of June 1, 2003.

Pursuant to the Motion for Protective Treatment filed today under separate cover, FG&E seeks to protect from public disclosure the wholesale prices bid in response to its RFP. Accordingly, FG&E is providing redacted versions of Attachment 1 which do not disclose the wholesale prices, and two copies of the complete schedules for which it seeks protective treatment with the hearing officer, and one copy to you for your review.¹

Please contact me should you have any additional question on this matter.

Very truly yours,



Meabh Purcell
Counsel for Fitchburg Gas
and Electric Light Company

cc: Paul Afonso, General Counsel, MDTE
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David O'Connor, Commissioner, DOER
Robert Sydney, General Counsel, DOER
David McKeehan, President, No. Central Mass. Chamber of Commerce
D.T.E. 99-60 Service List

BS88309

¹ FG&E is also providing a complete copy of the filing to the Attorney General and the Division of Energy Resources, with whom FG&E has entered into a Nondisclosure Agreement for this proceeding.